

PUBLIC HEARING

ON

Bill 18-1041 “2 M Street, NE Real Property Tax Abatement Act of 2010”

**Before the
Committee on Finance and Revenue
The Honorable Jack Evans, Chairman
and the
Committee on Economic Development
Councilmember Kwame Brown, Chairman
Council of the District of Columbia**

**November 22, 2010, 11:00 AM
John A. Wilson Building, Room 412**



**Testimony of
Bazil Facchina
Assistant General Counsel
Office of Tax and Revenue**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning Chairman Evans and members of the Committee on Finance and Revenue. I am Bazil Facchina, Assistant General Counsel, for the Office of Tax and Revenue. I am pleased to present testimony on Bill 18-1041, the “2 M Street, NE Real Property Tax Abatement Act of 2010.”

In general, the Bill would add a section to the District of Columbia Tax Code providing a real property tax abatement to property known as 2 M Street, NE. The abatement would commence in fiscal year 2015 and would continue for 10 years. The amount of the abatement would not exceed \$5.76 million. The grant of this abatement would be contingent on the approval of an application for mortgage insurance for the project under section 221 of the Federal Housing Act.

This property is currently owned by the District of Columbia and is exempt from real property taxation. If the property were to be transferred to a private owner, it does not appear that the property would qualify for an administrative exemption as there is no provision in the law for exempting property receiving mortgage insurance under section 221. As a result, the only way that the property can be relieved of the obligation to pay real property tax is by the enactment of this Bill.

I would like to briefly note a technical matter concerning the Bill as currently drafted. It would facilitate administration of the abatement if the owner of the

property were required to inform OTR whether the mortgage insurance application was approved or not, and I have attached suggested language on this as an addendum to my testimony.

Thank you, Chairman Evans, for the opportunity to comment on this bill. I would be happy to answer any questions at this time.

Attachment

In subsection (b) of Section 2, add a new subsection (c) to new section 47-46__ to read as follows:

“(c) The owner of the property shall certify to the Office of Tax and Revenue that the project’s application for mortgage insurance has been approved and shall inform the Office of Tax and Revenue if approval has been withheld.”.